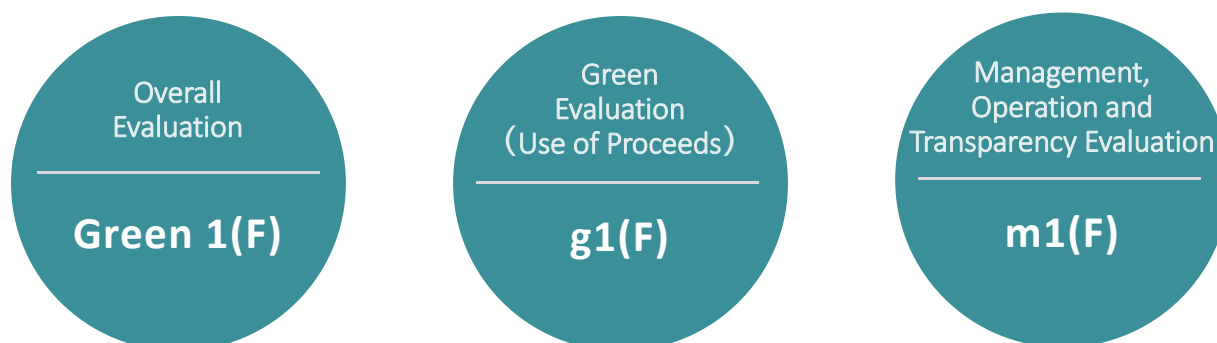


Japan Credit Rating Agency, Ltd. (hereinafter referred to as "JCR") will announce Green Finance Framework Evaluation Results as follows:

Nippon Accommodations Fund Inc.

Green Finance Framework

Affirmation



Issuer/Borrower	Nippon Accommodations Fund Inc. (Security code : 3226)
Subject	Nippon Accommodations Fund Inc. Green Finance Framework

Evaluation Overview

Nippon Accommodations Fund Inc. (hereinafter referred to as "NAF") is a J-REIT whose main investment target is rental apartments, which is sponsored by Mitsui Fudosan Co., Ltd., (hereinafter referred to as "Mitsui Fudosan"). NAF was established in October 2005 and listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange in August, 2006. Mitsui Fudosan Accommodations Fund Management Co., Ltd. (hereinafter referred to as "this Asset Management Company") who is wholly owned by Mitsui Fudosan is responsible for NAF's asset

management operations. The current portfolio¹ consists of 136 properties including 118 rental apartments and 18 hospitality facilities, such as dormitories/corporate housing, service apartments, senior residences and hotels. The total asset size is 342.1 billion yen on an acquisition price basis.

NAF's basic policy is to secure stable earnings and steady growth in the investment assets from the medium- and long-term view, aiming to maximize the value of unitholders. NAF has intended to realize a high-quality portfolio and management structure that makes maximum use of the value chain in the Mitsui Fudosan Group. NAF has recognized that the promotion of sustainability, including the environment, is consistent with its basic policy, and therefore it regards the efforts on the promotion of sustainability as key management issues and has policies and organizational structure in place so as to work on these initiatives as an organization.

The subject of this evaluation is a Green Finance Framework (hereinafter referred to as "this Framework") defined so as to use proceeds financed through green bonds and green loans (hereinafter referred to as "green finance") by NAF exclusively for projects with environmental benefits. JCR has evaluated whether this Framework has been aligned with the Green Bond Principles², the Green Loan Principles³, the Green Bond Guidelines⁴ and the Green Loan Guidelines⁵. These principles and guidelines are voluntarily published by the International Capital-Marketing Association (hereinafter referred to as "ICMA"), Loan Market Association (hereinafter referred to as LMA) and the Ministry of Environment, respectively, and are not legally regulated based on evidences. JCR however refers to these principles and guidelines as domestic and global unified standards as of this moment.

JCR assigned "Green1 (F)" as an overall evaluation to NAF's Framework as a result of its Green Finance Framework Evaluation on June 18, 2020. JCR is to review this Framework as NAF updated it in response to the amendments to the Building-Housing Energy-efficiency Labeling System (hereinafter referred to as "BELS") and the introduction of the new BELS standards, which came into effect in April 2024.

NAF intended to use the proceeds to acquire green buildings with a certain level of certification or higher or to refinance existing borrowings procured so as to acquire such assets in this Framework as of June 2020. The eligibility criteria on green buildings refer to properties that have obtained or renewed, or will obtain or renew any of the following certifications: 3 stars or more under DBJ Green Building Certification, 3 stars or more under BELS Certification or B+ rank or higher under Certification for CASBEE. JCR has evaluated that the eligibility criteria defined by NAF are projects with environmental benefits.

Then, NAF changed the eligibility rank of BELS certification and clarified the scope of CASBEE certification for the aforementioned green building criteria in July 2024 in light of which JCR has evaluated the green building criteria after the change will continuously have environmental benefits.

¹ As of February 29, 2024.

² ICMA (2021, with June 2022 Appendix 1) *Green Bond Principles*

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

³ LMA, Asia Pacific Loan Market Association (APLMA), Loan Syndications and Trading Association (LSTA) (2023) *Green Loan Principle*

<https://www.lsta.org/content/green-loan-principles/>

⁴ Ministry of the Environment (2022) *Green Bond Guidelines*

<https://www.env.go.jp/content/000062495.pdf>

⁵ Ministry of the Environment (2022) *Green Loan Guidelines*

<https://www.env.go.jp/content/000062495.pdf>

NAF has intended to raise green finance with clear environmental targets as with the previous evaluation. NAF will continue to appropriately identify and manage adverse environmental impacts and take appropriate measures as necessary in making decisions for investments in projects. NAF still has a structure in place to make evaluation/approval in the Investment Committee after making plans and verification in accordance with the process outlined in the framework when selecting projects. The management of proceeds procured through green finance still has appropriately established. All reporting details previously disclosed have been adequate and information based on this Framework will be continuously disclosed hereafter, which ensures the adequacy and transparency in the disclosed contents. Accordingly, JCR has confirmed that NAF has established its management and operation structure for green finance, which is appropriate and highly transparent as with the previous evaluation.

Consequently, JCR assigned "g1(F)" for "Green Evaluation (Use of Proceeds)," "m1(F)" for "Management, Operation and Transparency Evaluation" and "Green 1(F)" for "JCR Green Finance Framework Evaluation (Overall Evaluation)" based on JCR Green Finance Evaluation Methodology.

JCR has evaluated that this Framework has met the standards for the items required in the Green Bond Principles, the Green Loan Principles, and the Green Bond Guidelines and the Green Loan Guidelines formulated by Ministry of the Environment.

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■ Review Items

■ Review Contents

- I. Use of Proceeds
- II. Selection Criteria and Processes for Use of Proceeds
- III. Management of Proceeds
- IV. Reporting
- V. Organizational Sustainability Initiatives

■ Review Results (Conclusion)

Review Items

In this section, JCR will describe items that shall be confirmed in reviewing the framework. JCR will mainly confirm items whose details have been changed since the previous evaluation in the review as follows:

1) Use of Proceeds

Whether the category of eligible criteria and use of proceeds of green finance continuously have greenness after the changes are made.

2) Selection Criteria and Processes for Use of Proceeds

Whether the goals to be achieved through green finance and the selection criteria of green projects and their processes are continuously appropriate.

3) Management of Proceeds

Whether the proceeds raised through green finance are certainly allocated to green projects, and whether there are a scheme and an internal structure in which the allocation can be easily tracked and managed.

4) Reporting

Whether the reporting structure for green finance are still properly developed and operated.

5) Organizational Sustainability Initiatives

Whether the management of the issuer continues to highly prioritize sustainability as a material managerial issue.

Review Contents

I. The Use of Proceeds

NAF has stipulated the use of proceeds in this Framework as follows: (the changes made this time are in bold.) The only framework after the changes were made is excerpted and stated.

The Framework for Use of Proceeds

NAF plans to apply the proceeds from green finance to proceeds for acquisition of eligible green assets (defined in "Eligibility criteria" below) and proceeds for repayment of existing loans or redemption of investment corporation bonds that were procured for acquisition of eligible green assets.

Eligibility Criteria

Assets for which any of the following certifications from a third-party certification body (hereinafter referred to as "green building certification") has been or will be obtained (hereinafter referred to "eligible green assets").

- DBJ Green Building Certification: 3 Stars, 4 Stars or 5 Stars
- BELS Evaluation: the following levels
 - i) FY 2016 standard : 3 Stars to 5 Stars (**excluding non-conforming buildings***)
 - * **Factories (including logistics warehouses) with a BEI over 0.75**
 - ii) **FY 2024 standard :**
 - **Non-residential: Level 4 to Level 6**
 - **Residences with renewable energy facilities: Level 3 to Level 6**
 - **Residences without renewable energy facilities: Level 3 to Level 4**
- CASBEE Evaluation Certification (**excluding municipal version CASBEE**): B+ Rank, A Rank or S Rank

Evaluation by JCR to the Framework

Of the environmental certification for buildings required by the eligibility criteria defined in this Framework, NFA has changed the eligibility rank of the BELS certification and clarified the scope of the CASBEE certification.

An overview of the BELS whose descriptions were changed, which will have effects on the contents in this Framework and an outline of the CASBEE certification whose scope was clarified are described below. JCR has evaluated that the standards stipulated in the revised eligibility criteria including the aforementioned have covered properties that can be expected to have continuously significant environmental benefits.

BELS (Building-Housing Energy-efficiency Labeling System)

BELS is an acronym standing for Building-Housing Energy-Efficiency Labeling System and is a system in which energy-saving performance is evaluated and certified by a third-party evaluation

organization for new and existing buildings. The envelope performance and primary energy consumption are subject to evaluation, and it is required to have excellent energy-saving performance for high evaluation. The evaluation results are classified by level based on Building Energy Index (hereinafter referred to as "BEI"). BEI is a criteria to measure energy-saving performance relative to a reference value, with design primary energy consumption as the numerator and reference primary energy consumption as the denominator. Evaluation is made on a five point scale ranging from one star to five stars under the conventional standard (2016 standard), and two stars satisfy the energy conservation standard.

The energy conservation standard has tightened for large non-residential buildings whose area is 2,000 m² or more since the revised Building Energy Efficiency Act came into effect on April 1, 2024. The new energy conservation standard varies depending upon the building use: 25 percent or more reduction for factories, including logistics facilities and 20 percent or more reduction for offices, schools, hotels or department stores. Based on this revision, the BELS at the time of sale and lease was enhanced in April 2024, and a new standard (2024 standard) was introduced in BELS. Under the new standards, residential and non-residential buildings with renewable energy facilities will be assessed on a scale of 7 from Level 6 (an energy consumption reduction rate of 50 percent or more) to Level 0 (an energy consumption reduction rate of less than 0 percent) while residential buildings without renewable energy facilities will be assessed on a scale of 5 from Level 4 (an energy consumption reduction rate of 30 percent or more) to Level 0 (an energy consumption reduction rate of less than 0 percent). Under the new standard, BELS Level 4 or above (an energy consumption reduction rate of between 30 percent and 40 percent) is provided to buildings that meet the energy conservation standard of all non-residential buildings and an induction standard is applied to some uses. For residential buildings, the previous standards remain unchanged; the energy consumption reduction rate is 0 percent or more under the energy-saving standard and 20 percent or more under the induction standard.

BELS's criteria applied by NAF are to be energy efficient (Residence: the BEI value of 0.8 or less, Non-residence: the BEI value of 0.75 or less); therefore, JCR has evaluated that the criteria have been appropriate as the use of proceeds.

CASBEE (Integrated Built Environment Performance Evaluation System)

CASBEE is an acronym standing for Comprehensive Assessment System for Built Environment Efficiency and is a method to evaluate and rate the environmental performance of buildings. In April 2001, a comprehensive environmental evaluation research committee for buildings was established as an industry-academia-government collaboration project with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and has been continuously developed and maintained since then. The evaluation tools include CASBEE for Construction, CASBEE for Cities or CASBEE for Real Estate that was developed for real estate market to show environmental performance in an easy-to-understand manner.

CASBEE for New Construction is evaluated with the value of BEE (Built Environment Efficiency) with L (L means Load) as the denominator and Q (Q refers to Quality) as the numerator after the reconstruction from the viewpoint of environmental quality of buildings and environmental loads of buildings for the evaluation items in the four areas: energy consumption, resource recycling, regional environment and indoor environment. The evaluation results are categorized into five as follows: Rank S (excellent), Rank A (very good), Rank B + (good), Rank B - (slightly inferior) and Rank C (inferior). CASBEE for Real Estate falls under four categories as follows: Rank

S (excellent), Rank A (very good), Rank B + (good) and Rank B (satisfied with items required). In order to be highly evaluated, consideration for indoor comfort or landscape is required in addition to concern for the environment, such as energy saving or using equipment with a low environmental burden, and integrated buildings with high quality are required.

CASBEE for Real Estate has been developed to utilize the results of environmental evaluation of buildings in CASBEE when evaluating real estate, and the evaluation criteria have been formulated to focus on items that are highly correlated to real estate evaluation. CASBEE for Real estate includes the following five evaluation items: 1. Energy/GHG, 2. Water, 3. Resource use/safety, 4. Biodiversity/site and 5. Indoor environment. The evaluation method shall: (1) be aligned with major global weighted evaluation tools, (2) be a point-addition scoring system, (3) have 5 required items and 16 adding items, with a perfect score of 100 points and (4) be excluded from evaluation if required items are not satisfied.

The certification defined as the eligibility criteria by NAF is, in particular, expected to include CASBEE for New Construction and CASBEE for Real Estate. In the criteria concerned, such certification requires evaluation of Rank B + or higher and the building with the said certification level equivalent to BEE 1.0 or higher with respect to CASBEE for New Construction and its environmental quality clearly exceeds its environmental burdens. In case of CASBEE for Real Estate, a building has efficiency equivalent to Rank B + in the conventional CASBEE for Construction although the measurement is not based on BEE. Accordingly, JCR has evaluated that the certification level defined in the criteria concerned has generally had environmental benefits and the use of proceeds have been appropriate.

II. Selection Criteria and Processes for Use of Proceeds

The selection criteria and processes for the use of proceeds stipulated in this Framework by NAF are as follows: (no particular changes have been made except for minor ones since the previous evaluation.)

This Framework for the Processes (Excerpt)

Selection Criteria

In the selection criteria for the target projects for which the proceeds procured through green finance will be used, as stated earlier, the proceeds will be exclusively applied to the acquisition of green eligible assets, repayment of existing borrowings financed to acquire such assets or the appropriation of proceeds to redeem investment corporation bonds.

Selection Processes

The decision-making process from planning to implementation of green finance is as follows:

1. Planning of green finance

Financial Team under the Financial Division who is responsible for general financing operations for NAF will plan and examine green finance.

2. Verification and planning of the eligibility for green finance

The Office will verify the eligibility on the target project in terms of the green finance planned by the Financial Team, and if no problem is found, the Office will draw up a plan for deliberation in the Investment Committee.

3. Evaluation and approval of the eligibility for green finance

The green finance planned by the Office will be evaluated for the eligibility on the target project through deliberation in the Investment Committee and then approval will be given.

4. Implementation of green finance

After approval is given in the Investment Committee, a green loan will be made through final decision by Chief Financial Officer. A green bond will be issued with approval by the Investment Committee and the Board of Directors of NFA (or with the final decision by the Executive Director of NAF if authorization is given by a comprehensive resolution).

Evaluation by JCR to the Framework

JCR has evaluated that the appropriateness of the selection criteria and their processes in this Framework was adequate upon the previous evaluation and that it has been continuously proper after confirming that no change has been made in these issues in response to the revision made in this Framework.

III. Management of Proceeds

How to manage proceeds defined by NAF in this Framework is as follows: (no particular changes have been made in the contents since the previous evaluation.)

The Framework for Management of Proceeds (Excerpt)

Person responsible for managing proceeds

A person in charge of managing the proceeds raised through green finance refers to Finance Team General Manager (hereinafter referred to as the "FINGM") who will manage and disclose the allocation of the proceeds.

Portfolio management approach

The amount of debts calculated by multiplying the total acquisition price of eligible green assets in NAF's portfolio by the ratio of interest-bearing debts to total assets (refers to LTV at year-end that is calculable upon confirmation) (hereinafter referred to as "an amount of eligible green debts") will be set as the upper limit amount for green finance and managed so that the balance of green finance does not exceed the amount of eligible green debts.

NAF will concretely confirm that the balance of green finance does not exceed the amount of green eligible debts at the following timing:

- When green finance is planning and examining
- When a green eligible asset is expected to decrease (e.g. when green eligible assets are sold, or when the eligibility criteria are no longer met due to changes in evaluation of green building certification or because green building certification becomes due)
- Upon annual regular check (based on figures as of the end of February every year)

After the review, in cases where the balance of green finance is likely to exceed the amount of green eligible debts, appropriate measures will be taken; for instance, to increase green eligible assets for instance; however, if it is not avoidable, plans of green finance and sale of green eligible assets are postponed.

In order to keep transparency in the information disclosure on the allocation of proceeds raised through green finance, the results of annual regular confirmation will be published on NAF website.

Individual property management approach

FINGM is responsible for managing the proceeds procured through green finance and is in charge of a series of practical tasks, including formulation of allocation plans to target projects, procedures of remittance and management of allocation.

(1) Proceeds allocation plan

FINGM will map out plans to appropriate the proceeds in the green finance to the target projects (e.g. amounts to be allocated, dates to transfer (allocate) and remittees (allocatees), and the allocation plan needs to be drawn up by the Office and approved by the Investment Committee.

(2) How to appropriate proceeds in case of new acquisition

The proceeds raised will be held as cash in NAF's banking deposit account (hereinafter referred to as "the main account") and, in principle, will be allocated to the target projects via bank transfer.

FINGM will take a remittance procedure by issuing a voucher to transfer money to the Asset Management Company; General Manager of Corporate Operation Team will approve it and

complete the procedure by sending the voucher to the Asset Custodian and then the remittance will be made on the scheduled remittance date.

(3) Management of unallocated proceeds

The proceeds raised through green finance will be fully allocated to the target projects within around six months based on the allocation plan, and any unallocated proceeds are expected to be temporary.

Unallocated proceeds, if any, will be managed as cash or cash equivalents. Specifically, the balance of the main account of NFA will be confirmed whether it exceeds the amount of unallocated proceeds at the end of each month which will be repeated until the allocation is complete.

(4) Report on proceeds allocation

FINGM will report on the allocation of proceeds in the Investment Committee annually held at the end of February. In cases where there are any unallocated proceeds, FINGM will re-report on the allocation plan that has already been formulated so as to explicitly confirm the time when the allocation will be completed.

(5) Internal Control

In order to appropriate proceeds, approval is required for a remittance instruction by a responsible person in another team in NAF, and the actual remittance procedure is taken by a trust bank who is the Asset Custodian; therefore, internal checks will be functioned and procedures can be tracked and managed.

In cases where there are any unallocated proceeds, the Trust Bank who is the Asset Custodian manages the main account, internal checks will be functioned and the account balance can be tracked and managed as well.

Furthermore, the green finance framework has been established as NAF's internal regulations and is subject to internal audit headed by the Chief Compliance Officer and then to be audited whether green finance-related operations have been adequately carried out in accordance with its internal regulations.

(6) Sale of eligible green assets

NAF, in principle, will not sell any projects (green eligible assets) to which proceeds from green finance will be allocated.

Even if green eligible assets decrease (e.g. when green eligible assets are sold, or when the eligibility criteria are no longer met due to changes in evaluation of green building certification or because green building certification becomes due), as stated previously, the balance of green finance is required to confirm whether it does not exceed the amount of green eligible debts; therefore, the green finance is to be continuously kept and the proceeds will not be allocated to other projects.

However, in cases where a project with full allocation does not satisfy the eligibility criteria due to its sale from the perspective of transparency in information disclosure, NAF will consider adding explanations in its press releases on the sale so as to indicate that the green finance balance exceeds the green eligible debts and that the green finance is to be continuously kept from the perspective of a portfolio management approach.

Evaluation by JCR to the Framework

JCR has evaluated that the cash management described in this Framework was appropriate upon the previous evaluation. JCR has also confirmed that no change has been made to these issues in response to the revision made in this Framework, which has been continuously adequate.

IV. Reporting

The reporting stipulated in this Framework by NAF are as follows: (no particular changes have been made since the previous evaluation.)

The Framework for reporting (Excerpt)

Allocation Reporting

The following items will be disclosed on a section specially set up for ESG on the NAF website as at the end of February of each year so long as the balance of green finance is outstanding.

- Total acquisition price of eligible green assets
- Ratio of interest-bearing debt to total assets
- Amount of eligible green debt
- Balance of green finance outstanding

Impact Reporting

The following items will be annually disclosed on a section specially set up for ESG on the NAF website so long as the balance of green finance is outstanding.

- Acquisition of green building certification (number of properties, total floor area and certified percentage based on total floor space)
- Property name, green building certification class, evaluation and certification acquisition (renewal date) of each green eligible asset
- Energy (electricity) consumption and intensity
- Energy-oriented CO₂ emissions and intensity
- Water consumption and intensity

Evaluation by JCR to the Framework

JCR has evaluated that the reporting stated in this Framework was proper upon the previous evaluation. JCR has confirmed that no particular changes have been made to the reporting contents in response to the recent revision made in this Framework and has evaluated that it has been continuously adequate.

JCR has confirmed that NAF's reporting results to date have been appropriately carried out⁶ based on this Framework on a section specially set up for ESG on the NAF website.

⁶ Proceeds allocation/portfolio management
<https://www.naf-r.jp/esg/finance/sustainability-finance.html>
Acquisition of green building certification
<https://www.naf-r.jp/esg/concept/initiatives-certifications.html>
Changes in actual environmental performance
<https://www.naf-r.jp/esg/environmental/performance.html>

V. Organizational Sustainability Initiatives

NAF has been working on the environment in accordance with the "Sustainability Policy" established by this Asset Management Company in April 2016 as well as the "Group Environmental Policy" defined by the Mitsui Fudosan Group. NAF will examine its organizational environmental initiatives for the Mitsui Fudosan Group and NAF as follows:

Mitsui Fudosan Group's Sustainability Initiatives

The Mitsui Fudosan Group has set forth its group vision based on "Mitsui Fudosan is committed to social and economic development as well as global environmental preservation under its GROUP DNA, the meaning of "&"; to generate new value through cooperation, coexistence and co-creation, Mitsui Fudosan forges ahead, innovating." Under the above-cited group vision, the Mitsui Fudosan Group has listed the promotion of "sustainability management" toward contribution to a sustainable society and has come out with measures in the Group long-term vision, "& INNOVATION 2030" formulated in April 2024⁷. With respect to environmental initiatives, guided by the Group Environmental Policy, the Group has engaged in the three core environmental activities of load reduction (reducing the impact of its products and services on the environment), quality improvement (enhancing safety, security and comfort while ensuring sustainability) and cooperation (collaborating and cooperating with various stakeholders) in an integrated manner⁸.

Respective companies in the Mitsui Fudosan Group and especially respective investment corporations who are sponsored by Mitsui Fudosan have been working on environmental initiatives taking into account characteristics of investment target assets while being based on the initiatives of the Mitsui Fudosan Group as noted above.

NAF's Sustainability Initiatives

This Asset Management Company has established a Sustainability Policy in consideration of the characteristics of its investment assets, which will primarily invest in rental apartments based on the Group Environmental Policy defined by the Mitsui Fudosan Group. This Asset Management Company has set forth its basic policy under which it strives to work to ensure asset management operations that consider reducing the environmental load and collaborating with various internal and external stakeholders in its Policy. In February, 2020, this Asset Management Company also identified materiality to ensure its effectiveness. The materiality is composed of the following eight themes, advocating "Promoting Energy Efficiency and CO₂ Emissions Reduction (Act against Climate Change)" on the ground of financing procured through green finance and green building initiatives.

⁷ Mitsui Fudosan website
<https://www.mitsuifudosan.co.jp/corporate/innovation2030/pdf/innovation2030.pdf>

⁸ Mitsui Fudosan website
https://www.mitsuifudosan.co.jp/esg_csr/environment/01.html

Table 1: Materiality set forth by NAF¹⁹

Environment	<ul style="list-style-type: none"> • Promote Energy Efficiency and CO₂ Emissions Reduction (Act against Climate Change) • Acquire External Certification and Assessment on Sustainability • Build Partnership with Property Companies and Operators
Society	<ul style="list-style-type: none"> • Develop Human Capital and Raise Sustainability Awareness among the Company's Employees • Enhance Tenant Satisfaction, Safety and Comfort • Contribute to Community Development • Utilization of Regional Revitalization Support Tax System (Corporate Version Hometown Tax Donation) by the Asset Management Company
Governance	<ul style="list-style-type: none"> • Ensure Fairness and Transparency of Corporate Governance

CEO, as a responsible officer, made a statement that the organization will commit to the sustainability issues and the Sustainability Promotion Office consist of cross-organizational members has set objectives and formulated implementation plans in this Asset Management Company.

In-house architects, as technical specialists, have been involved in all technical aspects of the assets under management, including the environment, and this Asset Management Company has established a structure to work on the environment from an objective and professional perspective; for instance, using external consultants to promote sustainability. In this manner, this Asset Management Company has established its structure to utilize internal and external knowledge on sustainability so as to make its management decisions.

This Asset Management Company and NAF have set several quantitative targets for their environmental initiatives, and they specifically have set three goals as follows: (1) Energy-oriented CO₂ emissions¹⁰: With actual consumption¹¹ of 2015 as the base, 50 percent decrease in amount used by FY 2030, (2) Water consumption: With actual consumption of 2015 as the base, no increase in amount used by FY 2030, and (3) Green Building certified percentage: 40 percent¹². In apartments, the main properties managed by NAF, in general, as tenant-owned areas account for the majority of the total floor space, owners need to get involved in and collaborate with their tenants so as to promote decarbonization; therefore, the efforts are not easily made. Under such circumstances, NAF has continuously engaged in various activities (responding to special provisions upon conclusion of lease agreements¹³ or enlightening via a section specially set up for ESG on the NAF website¹⁴) to educate tenants on energy conservation in collaboration with property management companies as well as to take feasible measures as owners, including the conversion to LED lightening. Accordingly, the efforts toward the environment made by this Asset Management Company and NAF can be commendable as its progress has been steadily made in results of respective indicators¹⁵.

⁹ Section specially set up for ESG on the NAF website
<https://www.naf-r.jp/esg/concept/materiality.html>

¹⁰ Based on intensity

¹¹ Based on intensity

¹² Total floor space

¹³ Striving to make tenants aware environmental considerations by specifying the request not to excessively use power, water and gas in lease agreements of buildings.

¹⁴ Making efforts to distribute brochures for residents, arousing awareness for waste segregation and management through explaining important concerns upon agreement or displaying posters in common areas.

¹⁵ Section specially set up for ESG on the NAF website
<https://www.naf-r.jp/esg/environmental/performance.html>

In September, 2021, this Asset Management Company and NAF additionally expressed its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and has implemented information disclosures based on the recommendations¹⁶, bearing in mind that they will enhance information disclosure on responding to the impacts and risks of climate change that wield on business activities in a medium- to long-term. This Asset Management Company and NAF have regularly participated in the GRESB Real Estate Assessment and most recently received Three Stars and Green Star ratings.

Accordingly, JCR has evaluated that the management of this Asset Management Company and NAF have positioned environmental issues as highly prioritized managerial issues and that they have clearly defined their green bond procurement policies/processes and green project selection criteria in collaboration with departments with specialized knowledge.

¹⁶ Section specially set up for ESG on the NAF website
<https://www.naf-r.jp/esg/environmental/climate-change.html>

Review Result (Conclusion)

JCR has confirmed that the contents in this Framework, including the changes made, are expected to have significant environmental benefits in the green projects for which the proceeds will be used. This Framework has met the criteria for the items required in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines and the Green Loan Guidelines.

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Green Evaluation	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	N/A
	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	N/A	N/A
	g5(F)	Green 5(F)	Green 5(F)	N/A	N/A	N/A

(Responsible analysts for this evaluation) Fuyuki Tamagawa, Yuki Nagayasu

Important Explanation on this Evaluation

1. Assumptions, Significance and Limitations of JCR Green Finance Framework Evaluation

JCR Green Finance Framework Evaluation, which is granted and assigned by Japan Credit Rating Agency, Ltd. (hereinafter referred to as "JCR") is a comprehensive statement of JCR's current opinion on the alignment with green projects as defined by JCR and the extent of the initiatives to ensure management, operations and transparency on the use of proceeds with policies set forth by the Green Finance Framework as the target evaluation. Therefore, it is not intended to evaluate the specific environmental benefits, management/operation systems and transparency of individual bonds or borrowings to be executed based on these policies concerned. In cases where a green finance evaluation is granted or assigned to an individual bond or borrowing based on the said framework, a separate evaluation is required. JCR Green Finance Framework Evaluation neither proves environmental benefits from the individual bond or borrowing executed based on the framework concerned nor does it assume responsibility for any environment benefits. JCR, in principle, will not directly measure environmental benefits of proceeds financed through the Green Finance Framework although JCR will confirm the items measured quantitatively and qualitatively by the issuer and/or borrower (hereinafter an issuer and borrower are collectively referred to as "a fundraiser") or a third party requested by the fundraiser. Green equity may also be included in the evaluation only if all assets, in case of investment corporations, fall under green projects.

2. Methodology Used in this Evaluation

The methodology used to make this evaluation is posted as "JCR Green Finance Evaluation Methodology" in the "Sustainable Finance/ESGs" section on the JCR's website at <https://www.jcr.co.jp/en/>.

3. Relation with Conduct of Credit Rating Activities

The conduct of assigning and providing JCR Green Finance Framework Evaluation is performed by JCR as its related business and is different from the conduct of credit rating activities.

4. Relation with Credit Rating

This evaluation is different from a credit rating and is not committed to providing a predetermined credit rating or making available for inspection.

5. Impartiality in Evaluating JCR Green Finance Framework

There are neither capital ties nor personnel relationships that could create a conflict of interest between this evaluation and JCR.

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JCR Green Finance Framework Evaluation: The assessment of the extent to which proceeds financed based on the Green Finance Framework are allocated to green projects as defined by JCR and of the degree of management, operation and transparency on the use of proceeds for the said Green Finance. The evaluation is made on a scale of five in the order from top to bottom with evaluation symbols of Green 1 (F), Green 2 (F), Green 3 (F), Green 4 (F) and Green 5 (F)

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